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## NOTES ON THE FINANCIAL PANIC OF 1907.

BY FRANCIS B. FORBES.

The accompanying tables give a condensed record, between January 1907, and January 1908, of the New York quotations for eight railroad and eight industrial stocks. It is by no means claimed that these special stocks represent an average of everything listed by the New York Stock Exchange, since the only reason for their selection, early in the critical period, was that they were all ranked as steady dividend payers. On the other hand, as the outstanding stock capital of the eight railroad companies aggregates some \$1,778,000,000, and that of the eight industrials some \$1,329,000,000 (including Calumet and Hecla at the nominal par value of only \$2,500,000), it can be seen that the figures of these few stocks must have an undoubted significance. And it must be remembered that, if the stock capital of all the subsidiary companies leased or controlled by the sixteen in our list had been included, the aggregate would have been even more imposing.

Table A, for Railroads, and Table B, for Industrials, give the following facts for each stock:—

(1) The *highest quotations* in 1907, which were all in the month of January (except Calumet and Hecla in February).

(2) The *lowest quotations* during the crisis, ranging between October 23 and November 27, with each lowest quotation represented as a percentage of the corresponding highest point.

(3) The *recovery* on Jan. 17, 1908, a date selected because the premium on currency had then disappeared and because the January dividends had then been paid out. The degree of recovery on that date is shown for each stock in the percentage borne by its quotation to that of its lowest point, and comparison between January 1907, and January 1908, is also made by giving the latter prices as percentages of the former.

All quotations have been taken from the *Financial Chronicle*, those for Jan. 17, 1908, being an average of the quoted ranges for the day.

The two tables show that the average percentages of decline and of recovery from the respective lowest points run very closely together for both Railroads and Industrials; while the averages of prices on Jan. 17, 1908, are, within a small fraction, 26½% below the highest points of the previous year for each group. This may, perhaps, indicate that the stocks selected for the two tables are, on the whole, fairly representative of general conditions. On the other hand, it appears, not only that the average percentages of both decline and recovery have been greatest

in Industrials, but that the extreme range between highest and lowest points is also to be found in this group.

The *maximum decline* was for:—

Railroads:

Northern Pacific from 189.5 to 100.5, or 47%.

Industrials:

United States Steel common from 50.4 to 21.9, or 56.5%.

The *minimum decline* was for:—

Railroads:

Southern Pacific preferred from 118.1 to 100, or 15.3%.

Industrials:

American Sugar Refining preferred from 131 to x.106, or 19.1%.

The *maximum recovery* was for:—

Railroads:

Northern Pacific from 100.5 to 127.5, or 26.8%.

Industrials:

General Electric from 89.5 to 121.5, or 35.8%.

The *minimum recovery* was for:—

Railroads:

Southern Pacific preferred from 100 to 110.5, or 10.5%.

Industrials:

American Sugar Refining preferred from x.106 to 111, or 4.7%.

Comparing prices on Jan. 17, 1908, with the highest of a year before,—

The *greatest fall* is in:—

Railroads:

Great Northern preferred from 189.7 to 123.5, or 34.9%.

Industrials:

United States Steel common from 50.4 to 29.6, or 41.3%.

The *least fall* is in:—

Railroads:

Southern Pacific preferred from 118.1 to 110.5, or 6.4%.

Industrials:

United States Steel preferred from 107.7 to 94.0, or 12.7%.

No useful purpose can be served by attempting too close an analysis of such tables as these. However, the Industrial group is sharply divided into three categories of enterprise, dealing respectively with electricity, metals, and food, and a comparison of these may have some interest.

*Electricity.* During the crisis the totals of American Telephone and General Electric quotations averaged 40% below the highest points: their average recovery was 30% from the lowest; and on Jan. 17, 1908, they averaged 22% below prices of a year before. Of the two General Electric showed a decline of 45% against only 34% on the part of American Telephone, but a recovery of 36% (the highest percentage of the two lists) against only 24½% in the case of the other. Finally, Jan. 17, 1908

finds American Telephone only about 18%, while General Electric was 25½% below the highest point of 1907. The contrasts are between a public service and a manufacturing corporation.

*Metals.* The average decline of the four stocks during the crisis was 44% and the recovery over 24%, leaving their average value on Jan. 17, 1908, lower by 30% than the highest point. But here must be noted the greatest decline in any stock of the two tables, that of United States Steel common from 50.4 in January 1907, to 21.9 on October 23, amounting to 56½%. This stock, however, recovered by 35% (or nearly as much as General Electric), leaving its value on Jan. 17, 1908, still 41% below the highest point. United States Steel preferred had a narrower range, declining only by 26½%, and recovering by 19% to a value only 12½% below that of a year before. American Smelting and Refining preferred fell 30%, and recovered over 14%, with a value on Jan. 17, 1908, some 20% below January 1907. Calumet and Hecla declined by 46½% (15% more than American Smelting preferred), but recovered by 26% to a point 32½% below its highest quotation.

*Food.* The averages of this group show a decline of some 26%, a recovery of 15%, with quotations on Jan. 17, 1908, only 15½% below those of a year before. It is noteworthy that American Sugar Refining preferred shows the smallest percentages in the two lists, both of decline and of recovery, the lowest quotations being only 19.1% below those of January 1907, with a recovery of only 4.7%. The fluctuations of Swift & Co. stock were more pronounced, the decline being to a point 33½% below the highest, and the recovery 29½%; while its quotations on Jan. 17, 1908, were about 1½% nearer those of a year before than American Sugar Refining preferred.

In the Industrial Stocks, then, as was to be expected, we find the greatest fluctuations and the least average recovery in the metal section, with iron and copper as the dominant factors. The electric section has not suffered so much, while the companies representing food—the two greatest food “trusts”—have lost less ground than the others.

As will have been seen, nothing more has been attempted in these notes than to record the lowest quotations and the degree of recovery for a few well-known stocks during the régime of “clearing-house certificates”; that is, for the two months when cash payments were partially suspended by the banks. But each reader must be left to gauge for himself the significance of these figures, as well as of the distinct set-back in stock prices since the 17th of January last. It must be remembered that I have dealt with only one phase of a still enduring crisis, and that no one can yet say how much longer its liquidation may last. For among the forces at work there are some whose energy must elude forecast and statistical measurement, because they are psychological rather than economic.

COURSE OF NEW YORK STOCK EXCHANGE QUOTATIONS (FROM THE "FINANCIAL CHRONICLE").

Corporations.	Highest.		Lowest.		Recovery, Jan. 17, 1908.		
	Dates, 1907.	Quota- tions.	Dates, 1907.	Quota- tions.	Percent- ages of Highest Prices.	Percentages of	
						Lowest Prices during Crisis.	Highest Prices in 1907.
<b>Table A. Railroads:</b>							
Pennsylvania . . . . .	Jan. 8	141.4	Nov. 4	x.103.5	73.2	115.6	81.8
Illinois Central . . . . .	" 3	172	" 16	116	67.4	132.1	76.8
Chicago & North Western . . . . .	" 10	205	Oct. 30	126	61.5	150.9	73.6
Chicago, Milwaukee & St. Paul . . . . .	" 14	157.5	Nov. 21	93.5	59.4	115.8	73.5
Great Northern preferred . . . . .	" 2	189.7	Oct. 30	107.5	56.7	123.5	65.1
Northern Pacific . . . . .	" 7	189.5	" 24	100.5	54.0	126.8	67.3
Southern Pacific preferred . . . . .	" 14	118.1	" 24	100	84.7	110.5	93.6
Union Pacific . . . . .	" 5	183	" 24	100	54.6	125.2	68.4
Totals . . . . .		1,356.2		847	62.5	1,001.1	73.8
<b>Table B. Industrials:</b>							
American Telephone & Telegraph . . . . .	Jan. 4	133	Oct. 30	88	66.2	109.5	82.3
General Electric . . . . .	" 27	163	" 23	89.5	54.9	121.5	74.5
United States Steel common . . . . .	" 7	80.4	" 23	21.9	43.5	29.6	58.7
United States Steel preferred . . . . .	" 7	107.7	Nov. 20	79.1	73.4	94	87.3
American Smelting & Refining (preferred) . . . . .	Feb. 15	117.4	Oct. 18	81.8	69.7	93.5	79.6
Calumet and Hecla (Boston quotations) . . . . .	Jan. 15	1,000	" 24	535	53.5	675	67.5
American Sugar Refining preferred . . . . .	Jan. 16	131	Nov. 27	x.106	80.9	111	84.7
Swift & Co. (Chicago quotations) . . . . .	" 16	113.5	" 4	75.5	66.5	97.7	86.1
Totals . . . . .		1,816		1,076.8	59.3	1,331.8	73.3